GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3927
ANSWERED ON:17.08.2001
INVESTMENT TREND IN MANUFACTURING SECTOR
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Will the Minister of FINANCE be pleased to state:

(a) whether as per report of `Centre for Monitoring Indian Economy` the investment trend in manufacturing sector is on the decline;

(b) if so, whether there has been a consistent decline in manufacturing sector investment from the peak period April, 1997 (Rs.4,20,000 crores) to April, 2001 (Rs.2,90,000 crores); and

(c) if so, the details of measures planned to revive the confidence of investors in manufacturing sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) & (b): Yes, Sir. As per the report of the Centre for Monitoring Indian Economy(CMIE) titled `Monthly Review of the Indian Economy` published in July 2001, the total investment envisaged in projects under various stages of implementation in the manufacturing sector, which are monitored by them, has declined from Rs. 4,29,000 crore in October, 1997 to Rs. 2,90,079 crore in April, 2001.

(c): The Government has initiated several policy measures to revive the confidence of investors in the manufacturing sector. These include reduction in the basic customs duty in the case of raw materials and intermediate goods, rationalisation of excise duty, budgetary provisions to speed up modernisation of the textiles sector, reduction in interest rate on small savings facilitating the move towards a low interest rate regime, reduction in Bank Rate and Cash Reserve Ratio aimed at increasing liquidity and reducing lending rates of banks and financial institutions, de-reservation of fourteen SSI items and liberalisation of norms for Foreign Direct Investment.